


Non-Executive Report of the: COUNCIL 20 February 2019	 TOWER HAMLETS
Report of: Neville Murton, Acting Corporate Director, Resources	Classification: Unrestricted
Budget and Council Tax 2019-20 – Report of the Cabinet Meeting, 30 January 2019 and Budget Proposals of the Mayor and Executive	

Originating Officer(s)	Damon Lawrenson, Interim Divisional Director, Finance, Procurement and Audit
Wards affected	All Wards

1. SUMMARY

- 1.1 This report sets out the proposals of the Mayor and Executive for the council's Budget and Council Tax 2019-20, as agreed at the Cabinet Meeting on 30th January 2019.

2. RECOMMENDATIONS

- 2.1 In accordance with the decisions of the Mayor in Cabinet as set out at section 5 below, Full Council is **recommended**:-

General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-22

- (a) To note the feedback from the budget consultation as detailed in section 3.13, appendix 10 of the budget report and published on the council's website.
- (b) To agree a General Fund Revenue Budget of £342.560m and a Council Tax (Band D) of £1,019.67 for 2019-20 as set out in the motion attached at Annex 1 to this report. This incorporates a 2.4% general increase on the previous year and a 1% increase in respect of the Adult Social Care 'Precept'.
- (c) To note that the Council will receive an additional £105k in 2018-19 and 2019-20 from Central Government, which will be set aside in an earmarked reserve, to manage costs associated with Brexit.
- (d) To note the Business Rates income is net of the RSG element for 2019-20, and adjusts for tariff and payment due to London councils.

- (e) To note the Projected Movement in Reserves April 2018 to March 2022 has been updated for known increases and planned budget requirement.
- (f) To agree a Capital programme and Medium Term Financial Plan as set out in the motion attached at Annex 1 to this report.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019-20

- (g) To adopt (as also set out in the motion at Annex A):
- The high level overview of Capital Strategy Report set out in section 2 at annex A attached to this report;
 - The Treasury Management Strategy Statement set out in sections 5 - 7 at annex A attached to this report, which officers involved in treasury management, must then follow;
 - The new Investment Strategy set out in section 8 at annex A attached to this report, the Council has committed up to £54.6m of service investments to Seahorse Homes Ltd and Mulberry Housing Society;

Section 25, Local Government Act 2003

- (h) To note that in line with the requirements of the Local Government Act 2003, the Corporate Director of Resources is of the view that:
- a) The General Fund balances of £29m and the level of reserves are adequate to meet the council's financial needs for 2019-20, and that in light of the economic risks that the council faces, they should not fall below a minimum level of £20m; and
- b) The General Fund estimates are sufficiently robust to set a balanced budget for 2019-20. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2018-19 budget with the projected spend identified in monitoring reports. The overall level of the corporate contingency has been set at £3.1m, which is adequate to cover any potential costs arising from unforeseen events or cost pressures.

Local Council Tax Reduction Scheme (LCTRS)

- (i) To note that Full Council at its meeting of 23rd January 2019 approved a revised Local Council Tax Reduction Scheme for 2019-20 with the following changes:
- to limit the maximum disabled non-dependant deduction to £4 per week.
 - to adjust the minimum level of income for self-employed under 25's to reflect age rules.

- to enhance the support available to increase earnings and income for self-employed claimants.
- to increase backdating provision for the scheme from 4 weeks to 52 weeks.

3. CABINET MEETING, 30th JANUARY 2019

- 3.1 The Cabinet received the report of the Corporate Director Resources on the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-22.
- 3.2 In considering the information in the reports, the Mayor and Cabinet took into account the comments of the Overview and Scrutiny Committee (OSC) on the Mayor's initial budget proposals for 2019-20 (which had been published in the 9th January Cabinet agenda), from the OSC meeting held on 14th January 2019.
- 3.3 The Mayor and Cabinet also took into account feedback from the budget consultation process and events.
- 3.4 The Mayor in Cabinet also agreed to authorise the Corporate Director, Resources after consultation with the Mayor and Lead Member of Resources to make any changes required to the budget following the final settlement announcement.

4. LEGAL COMMENTS

- 4.1 The legal comments are set out in the reports to Cabinet which are appended and there are no additional comments to be added.

5. DOCUMENTS ATTACHED

- 5.1 The following documents are attached to this report for the Council's consideration:-

Annex 1: Budget Motion from Councillor Candida Ronald, Cabinet Member for Resources and Voluntary Sector

Annex 2: Report of the Acting Corporate Director Resources: General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2019-2022

Annex 3: Appendices 1 - 10 to the above report:-

- Appendix 1A Summary of the Medium Term Financial Strategy

- Appendix 1B Detailed analysis of the Medium Term Financial Strategy by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 New growth proposals 2019- 2022
- Appendix 4 New Savings proposals 2019- 2022
- Appendix 5 Reserves Policy
- Appendix 6 Risk Evaluation
- Appendix 7 Projected Movement in Reserves
- Appendix 8A Draft Housing Revenue Account Medium Term Financial Strategy 2019-2024
- Appendix 8B Rent Report Equalities Impact Assessment
- Appendix 9A Summary of Proposed Capital Programme 2018-2029
- Appendix 9B Current Capital programme 2018-2029
- Appendix 9C Increases to Existing Schemes & New Schemes 2019-2029
- Appendix 9D Proposed New Schemes 2018-2029
- Appendix 10 Budget Consultation Feedback

Annex 4: Report of the Acting Corporate Director Resources to the Audit Committee 31st January 2019: Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019-20 (Report presented to Full Council includes subsequent minor amendments made by officers).

LOCAL GOVERNMENT ACT 1972 – SECTION 100D (AS AMENDED)

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background paper"	Tick if copy supplied	If not supplied, name and telephone number of holder
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No unpublished background papers were relied upon to a material extent in the preparation of this report.